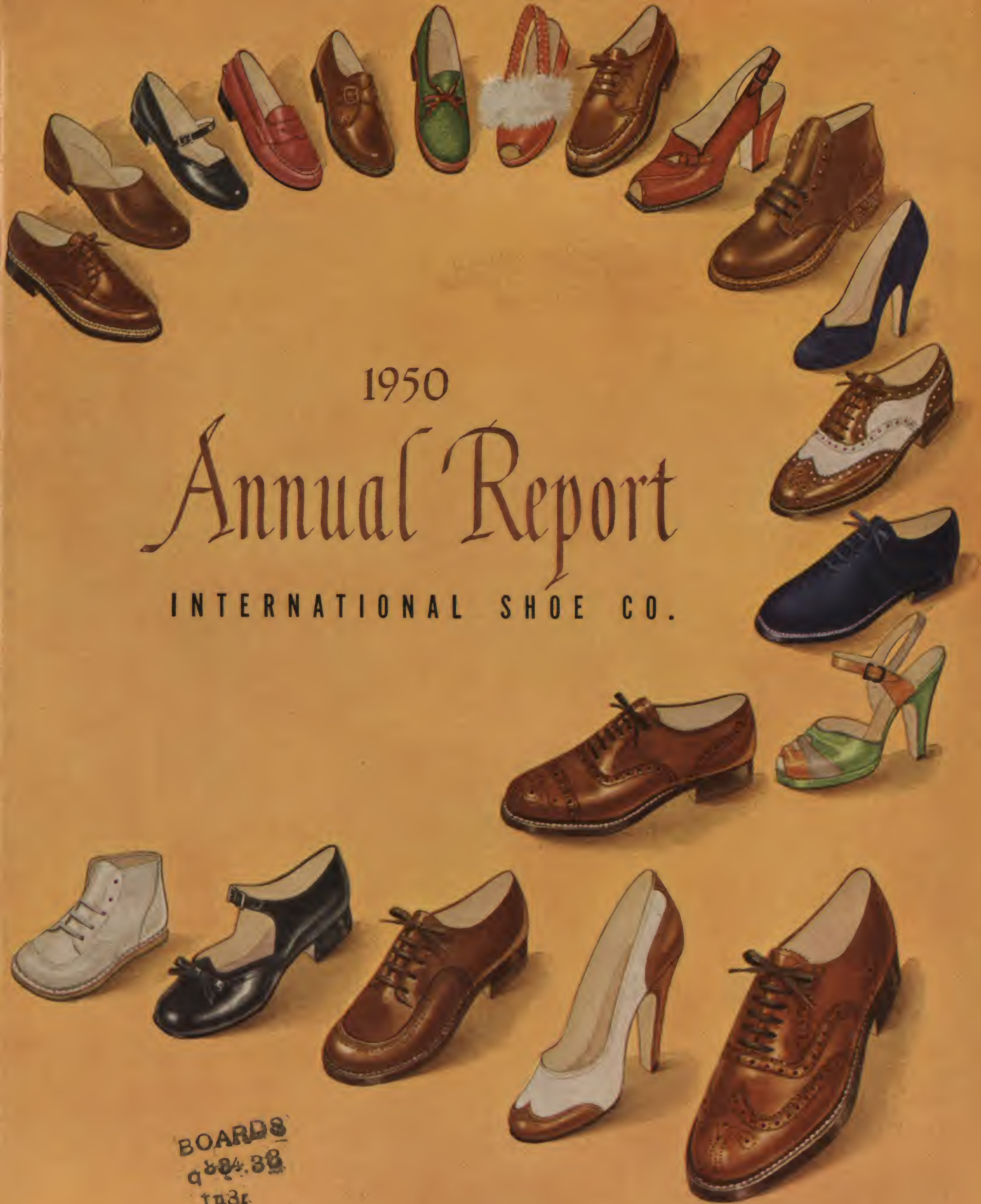


1950

Annual Report

INTERNATIONAL SHOE CO.

PRINCIPAL OFFICERS

BYRON A. GRAY . . . . *Chairman of the Board*

EDGAR E. RAND . . . . *President*

ANDREW W. JOHNSON . . . . . *Vice-President and Treasurer*

OLIVER F. PETERS . . . . *Vice-President*

DICKSON S. STAUFFER . . . . *Vice-President*

ARTHUR B. FLETCHER . . . . *Vice-President*

HENRY H. RAND . . . . *Vice-President*

J. LEE JOHNSON . . . . *Vice-President*

ROBERT O. MONNIG . . . . . *Vice-President and Comptroller*

CARL E. BRUECKMANN . . . . *Secretary*

WILLIAM N. SITTON . . . . *Assistant Treasurer*

DIRECTORS

SAMUEL BOWN
CARL E. BRUECKMANN
CLARENCE H. FIELDER
ARTHUR B. FLETCHER
BYRON A. GRAY
CLEMENCE L. HEIN
EDWARD J. HOPKINS
PAUL B. JAMISON
ANDREW W. JOHNSON
J. LEE JOHNSON
ROBERT O. MONNIG
OLIVER F. PETERS
JAMES T. PETTUS
EDGAR E. RAND
HENRY H. RAND
RICHARD O. RUMER
WILLIAM N. SITTON
DICKSON S. STAUFFER

1950 Annual Report Cover shows a random selection of twenty numbers taken from the more than 5,000 stock numbers in the Company's extensive lines.

TRANSFER AGENTS

Manufacturers Trust Company, New York, N. Y. • Mississippi Valley Trust Company, St. Louis, Mo.

REGISTRARS

Guaranty Trust Company, New York, N. Y. • St. Louis Union Trust Company, St. Louis, Mo.

contents

The annual meeting of stockholders will be held on February 26, 1951

THE RESULTS *for* 1950

Financial highlights for the fiscal year ended November 30, 1950, and comparison with 1949

	1950	1949
We produced shoes which were sold to others in the amount of	$198,640,018	$190,003,486
We produced leather and other materials for use by us in the manufacture of shoes	75,266,550	73,023,835
Total value of product	273,906,568	263,027,321
Net income	10,957,707	7,682,359
% of sales	5.5%	4.0%
% of total value of product	4.0%	2.9%
Earnings per share	$3.22	$2.26
Dividends per share	$2.55	$3.00

HOW OUR 1950 SALES DOLLARS WERE USED

For materials, supplies and expenses	$ 99,274,089	50.0%
For employees' pay and benefits	77,485,033	39.0
For tools wearing out (depreciation)	1,917,916	1.0
For payments ordered by Government (taxes)	9,005,273	4.5
For dividends to stockholders	8,668,860	4.4
Remainder used in the business	2,288,847	1.1
	$198,640,018	100.0%

Detailed financial statements are presented beginning on Page 16 of this report.

EDGAR E. RAND
President

BYRON A. GRAY
Chairman

The Annual Message *from*

THE CHAIRMAN OF THE BOARD AND THE PRESIDENT

TO OUR STOCKHOLDERS...

On the opposite page are the financial highlights for the year 1950.

Here very briefly are the significant Company happenings in 1950.

4.5% increase in net sales for the year does not tell the whole story.

Greater increase in civilian sales than shown by total sales was due to the complete absence of military production in 1950.

Civilian net sales increased 8.2% for the year and 18.8% in the last half.

Increase in net income was realized despite sharply higher raw material costs in the second half of the year.

Costs of hides, leather, rubber, cotton textiles, metal and wood items, and other shoe findings, rose in spectacular fashion after Korea and continued to rise during the remainder of the year.

Our shoe prices were increased from time to time but were unable to catch up with raw materials prices.

Prices of our shoes averaged for the year about the same in 1950 as in 1949. They averaged slightly lower in the first half of 1950 and slightly higher in the second half.

Our wage and salary rates were increased about 6% on October 1.

Taxes were up, Federal corporation normal and surtax rates going from 38% to 45% on July 1. In addition the new excess profits tax was effective retroactively to that date.

159th consecutive dividend was paid by our Company on January 1, 1951.

Net working capital of $66,893,220 was up $1,882,208 for the year.

Production in pairs increased 7.6% for the year and 12.9% for the last half.

Civilian production in pairs increased 10.3% for the year and 15.2% in the last half.

New lines of lower priced shoes and slippers brought out by our Company in late 1949 and early 1950 have been well accepted.

New independently owned retail outlets for our Company's products are being opened through the agency of the Shoenterprise Corporation, wholly owned subsidiary, organized for the purpose of assisting competent retail shoemen to get into the retail shoe business on our lines of shoes at strategic locations.

Upturn in Company business in the last half of 1950 was indicated as early as April when our salesmen first took to the road with our fall lines. These early order indications proved correct.

Korea is important in our Company's business life—but was relatively unimportant in the upturn in Company business in the last half.

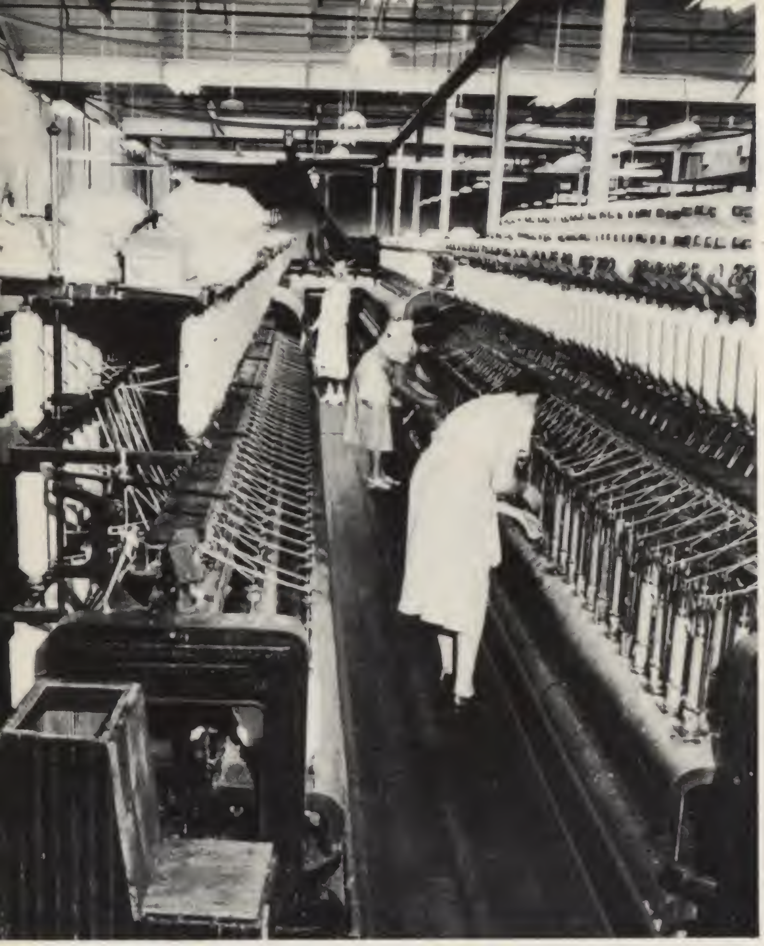
Principal reasons for upturn were attractive lines of shoes, of maintained good quality, fairly priced and sold under most favorable terms.

Entire shoe industry production increased 2.8% during the first six months of the Company's fiscal year, and is estimated to show an increase of 3.0% in the second half.

Retail shoe business nationwide showed little year-to-year change despite Korea.

Retailers stocked up a bit and gave a slight lift to manufacturers' orders, but the industry's 3.0% production increase tells the story that neither the consumer nor the retailer reached out eagerly for shoes.

More complete coverage of these subjects is found in the following pages.

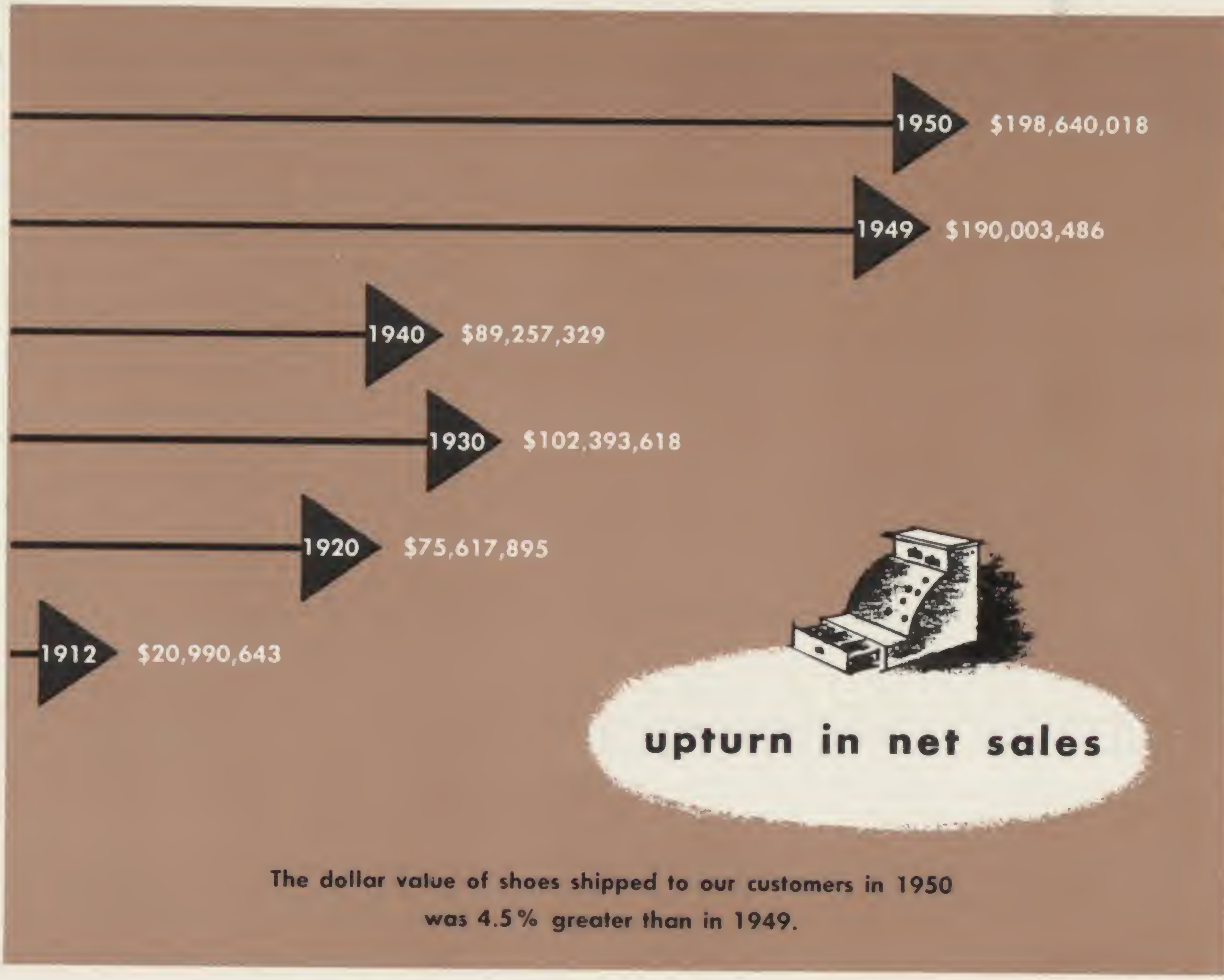


Spinning yarn—for shoe lining cloth at Malvern, Arkansas.

Unloading cattle hides into refrigerated hide cellar at our Wood River, Ill. tannery.

Packing shoes—last of approximately 150 factory operations on men's welt shoes.

Goodyear stitcher at work on new spring line.



THE increase of 4.5% in net sales for the year occurred despite the complete lack of any military sales during 1950 which in 1949 amounted to $6,375,497.

Net sales of civilian shoes showed an increase of $15,009,658—8.2% over 1949.

The absence of military shoes in our sales for 1950 resulted from our decision to discontinue bidding for military orders due to the extremely low and, what we deemed, unsound basis of pricing this business which prevailed in the industry up until the last two or three months. Recent bids are on a more reasonable basis, and our Company has booked substantial military orders which will be filled in our fiscal 1951.

The turnabout in civilian business, reflecting the readjustment about which we wrote in the 1949 annual report, is shown by the following.

1949, first half, civilian sales down 20.4% in dollars and *down* 17.5% in pairs from previous year.

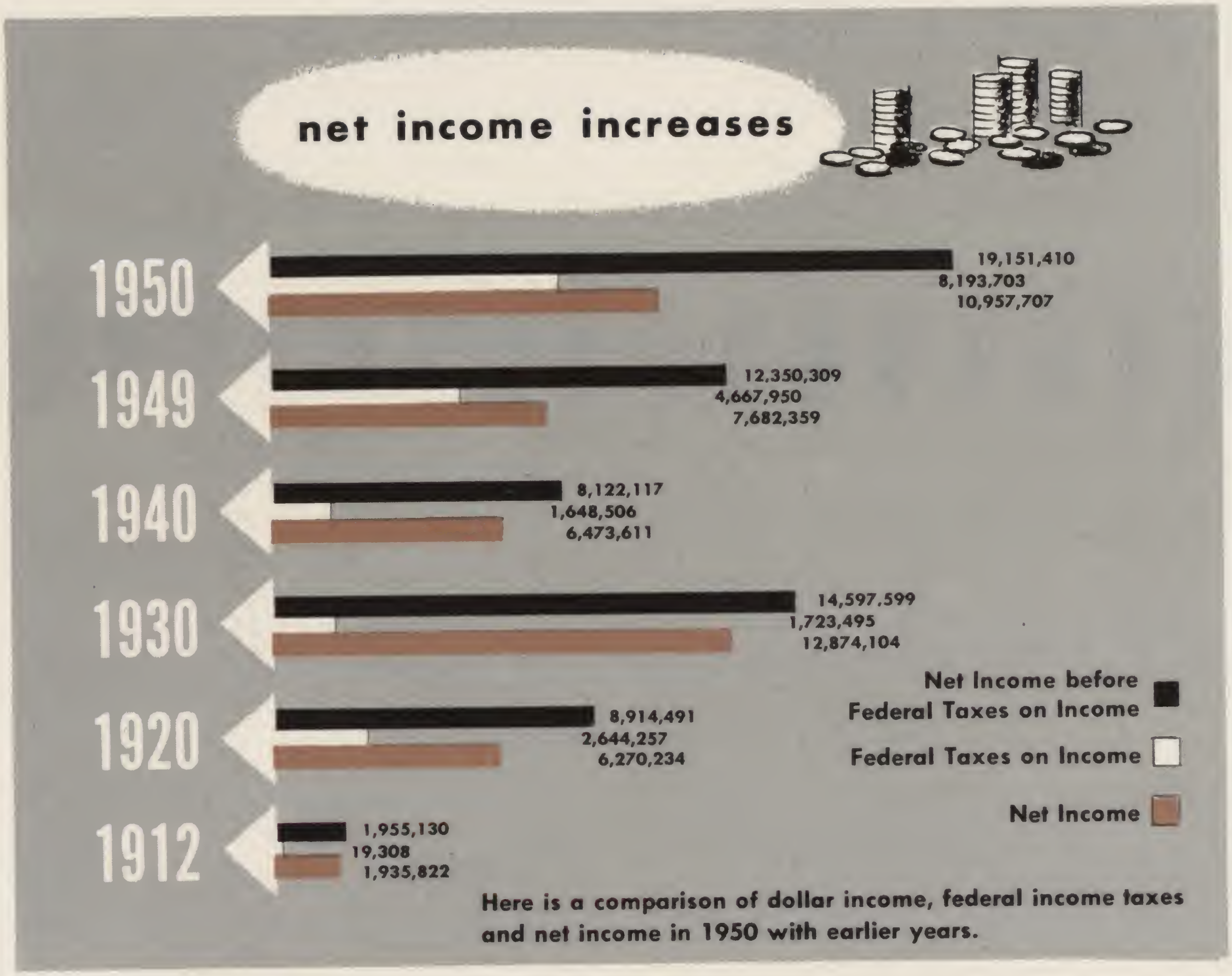
1949, second half, civilian sales down 6.0% in dollars and approximately *even* in pairs with previous year.

1950, first half, civilian sales down 3.4% in dollars and approximately *even* in pairs with previous year.

1950, second half, civilian sales up 18.8% in dollars and *up* 16.1% in pairs.

Thus, units or pairs in the four successive periods were down, even, even, up, in that order. We believe this turnabout is not accidental but presages continued improvement.

Disparities where they exist between the showing in terms of dollars and in terms of pairs, point up the lower *average* price resulting from the introduction of the newer lines of lower priced shoes.



NET income was 5.5% of net sales and 4.0% of total value of product; an improvement over the same figures for 1949 which were 4.0% and 2.9% respectively.

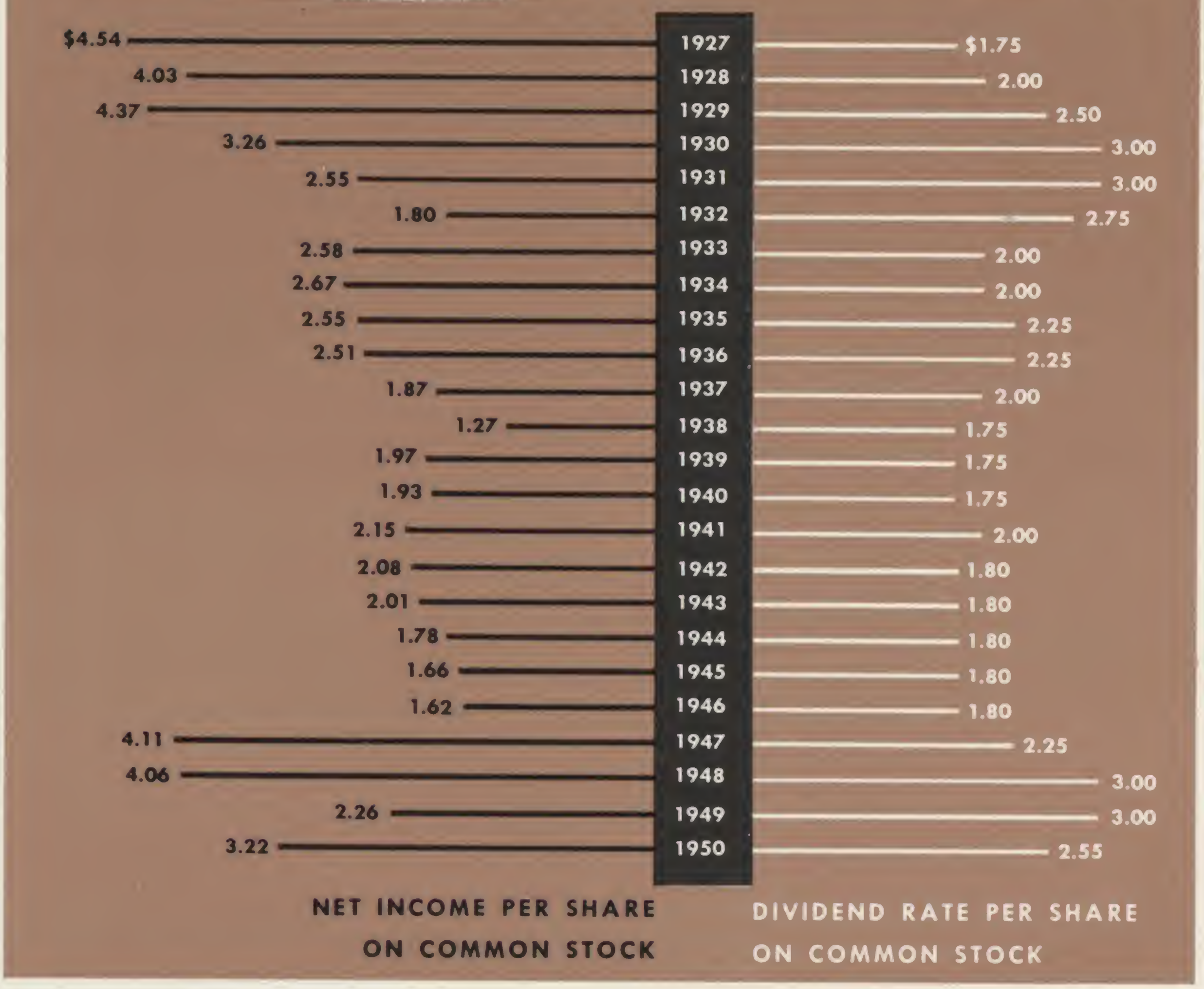
The great rise in raw materials costs in the second half of 1950, accompanied by the time lag in obtaining commensurate increases in shoe prices, squeezed our margins to an extent that only the large increase in volume could overcome. Thus, our percentage of net income to sales was but slightly higher in the second half of 1950 than in the first.

This was brought about principally by our last-in, first-out method of accounting which charges the latest purchases of materials to current sales. The favorable aspect of this method is that our Company retains in its "lifo" inventories the low-cost materials with which it started on this method in 1941 and 1942, while charging to current sales the present high-cost materials. This affords considerable protection against the effects of sharp drops in prices of raw materials.

The time lag which almost invariably exists before higher costs are offset by higher selling prices is caused by two things—first, the uncertainty whether the higher raw materials prices are merely a market flurry or represent a level which will hold for a sufficient time to justify the disturbance which follows increased shoe prices, and, second, the necessity of filling order backlogs taken at earlier prices.

Net income is also affected by the increase from 38% to 45% on July 1, 1950 of the Federal income tax corporation rate. In addition, further increase in taxes resulted from the excess profits tax provision in the law passed early in January, 1951. Provision for these increases in taxes was made in our Income Statement.

company pays 159th dividend



THE January 1, 1951 dividend was the 159th consecutive dividend paid on our Company's common stock. These dividend payments have now extended over 38 years without interruption.

Dividends totaling $2.55 per share were paid in 1950.

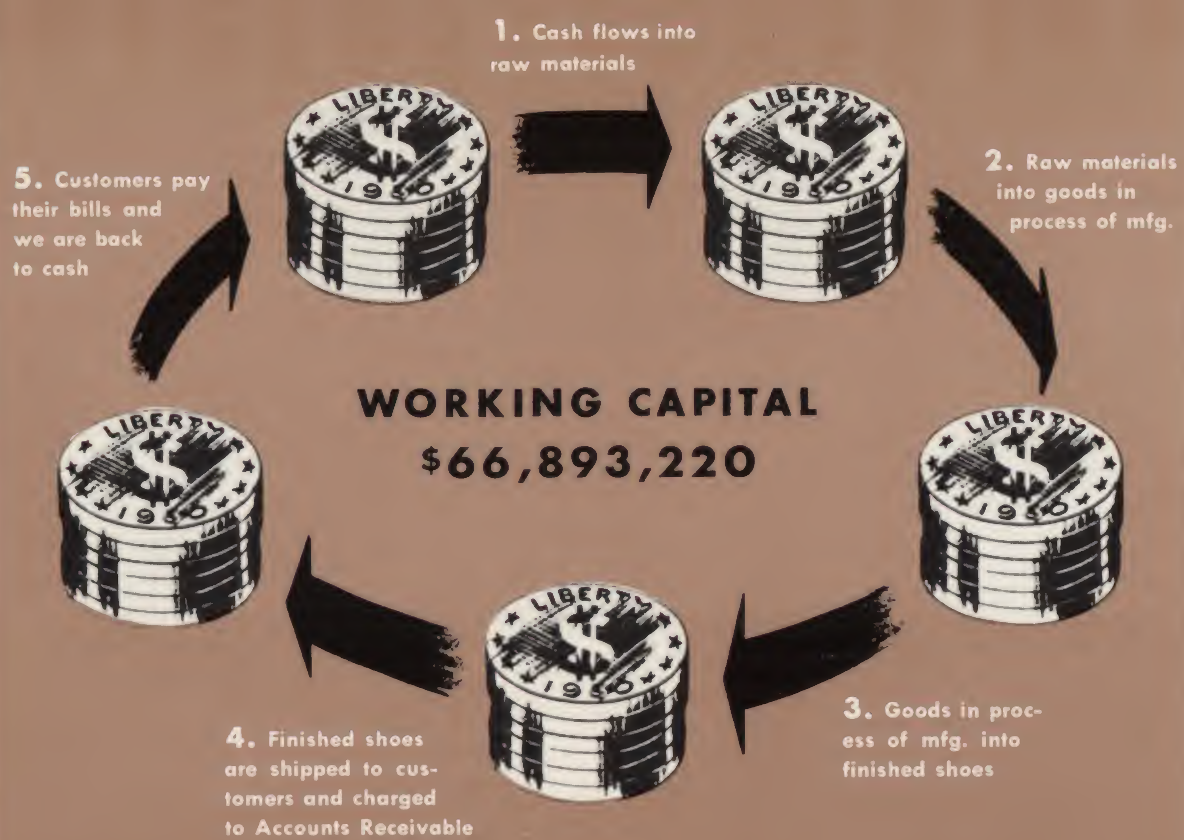
After paying on January 1, 1950 the 75¢ quarterly dividend which had been in effect for about two years, your directors deemed it advisable to reduce the quarterly dividend to 60¢ per share on April 1. This rate was continued on July 1, 1950, October 1, 1950, and January 1, 1951.

While our earnings show that the former $3.00 annual dividend would have been covered, the need for working capital occasioned by presently inflated prices, makes a conservative dividend policy advisable.

In this connection, it is gratifying to note that on November 30, 1950, we were completely free of bank loans—as compared with $3,000,000 in loans on the same date in 1949, and $5,000,000 in 1948.

working capital

The lifeblood of a business—WORKING CAPITAL—is continuously moving through the various stages of the business circulatory system.



NET working capital on November 30, 1950 was $66,893,220 compared with $65,011,012 a year ago. The increase of $1,882,208 in net working capital came from the reinvestment of current earnings of the business.

Ratio of current assets to current liabilities was 4.1 at the year-end and 4.8 a year earlier.

The increase of $7,190,135 in accounts receivable reflects the greater volume of sales in the latter half of 1950 than in the same period in 1949.

Inventories of $47,650,305 showed little change from $46,950,875 a year earlier despite the great rise in prices of these materials. This is due to close inventory control and to lifo pricing of a large part of the inventories.

Notes payable were reduced to zero compared with $3,000,000 at November 30, 1949 and $5,000,000 at November 30, 1948.

selling prices trail sharply higher costs

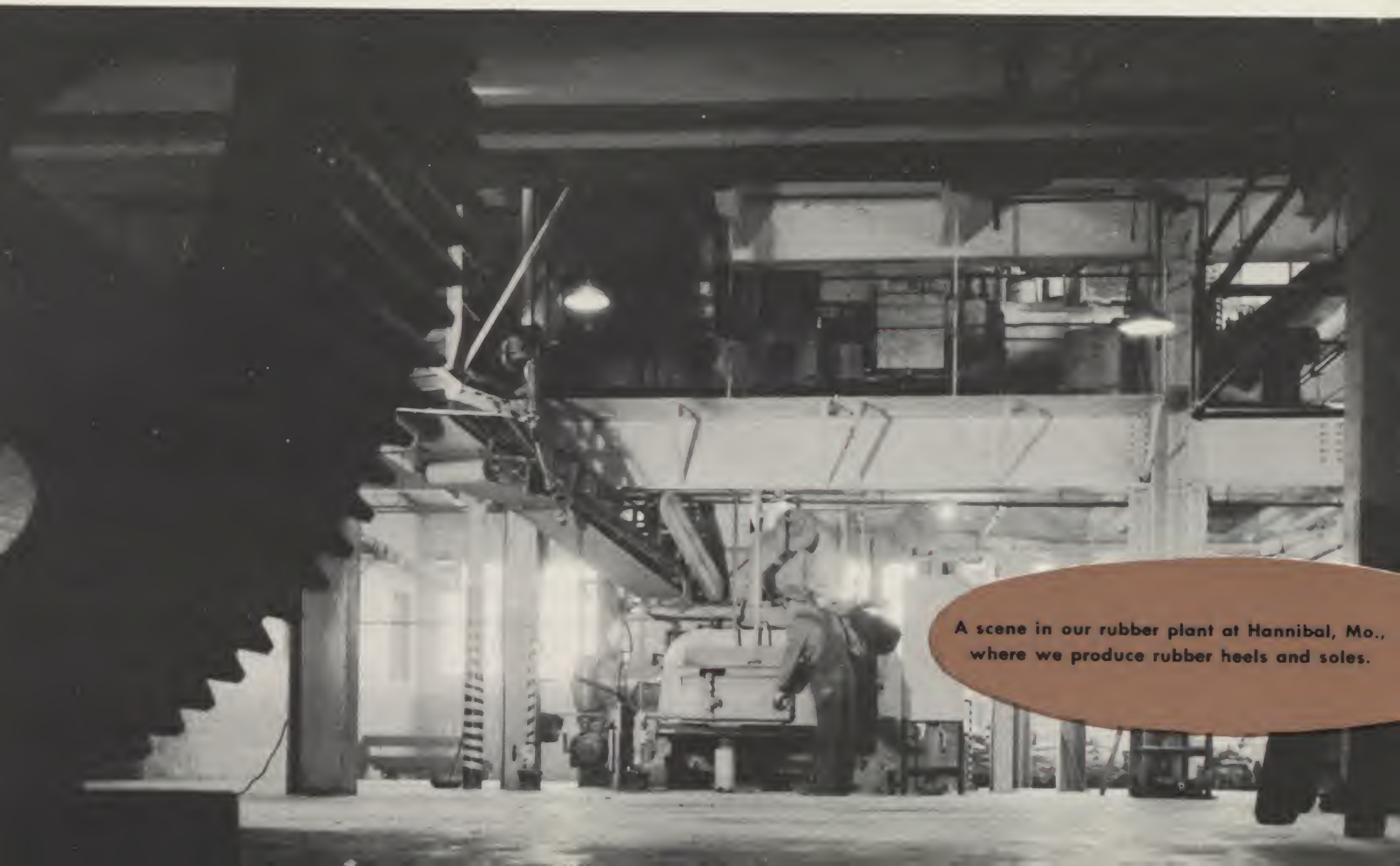
THE decision of our Country to provide armed resistance to the invasion of South Korea touched off a spectacular rise in prices of raw materials used in the manufacture of shoes.

Hides and leather rose 40% to 60%. Cotton textiles, metal and wood items and other materials used in shoe findings, rose from 20% to 50%. Rubber, an important item in soles and heels for shoes, rose fantastically. Natural rubber rose from about 28¢ to over 70¢ per pound, an increase of 150%. For the year rubber is up over 350%.

Shoe prices were increased from time to time but were unable to catch up with the rises in raw material prices. Our Company increased its prices on July 24, August 14 and October 23, but only for short periods were these prices in line with raw material costs. Furthermore, we had a rather large backlog of unfilled orders at the time of each increase.

This meant that comparatively few shoes were delivered in our fiscal 1950 at prices representing the full increase. And at the time of our Company's fiscal year-end, raw material prices were again significantly higher than the October 23 shoe prices at which we were then selling spring shoes. For this reason it was necessary further to increase our prices on December 9.

Despite these increases, the average price of the shoes shipped by our Company in 1950 was approximately the same as the average price of shoes shipped in 1949. This was due to the greater proportion of lower priced shoes and to the comparatively few shoes we delivered at higher prices, because of the necessity of filling orders already taken at earlier prices.



A scene in our rubber plant at Hannibal, Mo., where we produce rubber heels and soles.

Skilled hand cutting is not a forgotten art in fine shoemaking.

production up

SHOES

THE production of our shoe factories totaled 51,564,941 pairs for the year. This is more than 10% of all of the shoes produced in the United States.

This shows an increase of 7.6% over the Company's production of 47,904,252 pairs for the year 1949.

The increase in the production of civilian shoes was greater than the increase in total production because of the absence of military shoes in 1950.

The 51,564,941 pairs of civilian shoes produced in 1950 compares with a production of 46,732,141 pairs in 1949, an increase of 10.3%.

The production of the shoe industry nationwide, during the Company's fiscal year, is expected to show an increase of about 3.0%.

In the last half of its 1950 fiscal year, our Company's civilian production showed an increase of 15.2% while pairs shipped increased 16.1%.

Much of the increase in civilian business came from the newer lower priced lines developed late in 1949 and early in 1950.

LEATHER AND OTHER MATERIALS

EIGHT tanneries—placing the Company among the largest tanners in the United States—a large rubber plant, a cotton mill, a welt manufacturing unit and numerous other supply plants making additional articles used in shoes, add greatly to the extent and magnitude of the Company's total production.

All of the leather, rubber heels and soles, cloth, welting, bows, box toes, burnishing wax, cartons, cement, chemicals, patterns and other materials and supplies which are produced in these plants, are used in the manufacture of the Company's own shoes. None of these products is sold to others. For this reason, operation of the many plants producing these materials does not add to the amount of our net sales. Instead, this production goes right back into other Company production—for example, when leather is produced at one of our tanneries, it is transferred to one of our shoe factories where it is cut into parts of shoes. If, instead, that leather were sold to another manufacturer, it would add to the Company's sales.

Thus, net sales of shoes does not accurately measure the extent and magnitude of the Company's operations.

Value of product does this better. For 1950 it amounted to $273,906,568.

The production summary on page 13 shows what makes up this amount.

Trimming hides in preparation for tanning into upper leather.

production summary

Our Company's principal production is shoes, and shoes are the only thing we produce for sale to others. During 1950 we produced:

SHOES

For Men and Boys	Pairs	17,218,548	*Of this type of production our Company sold* $198,640,018
For Women and Girls	Pairs	14,038,747	
For Children	Pairs	18,260,498	
House Slippers	Pairs	2,047,148	
	Total	51,564,941	

However, our Company carries on a vast amount of other production of things used in the manufacture of shoes. During 1950 we produced:

MATERIALS FOR SHOE UPPERS

Leather for Uppers (including Linings) from Cattle Hides and Lambskins (Calfskins and Goatskins tanned under contract not included)	Feet	66,703,018	*This type of production had an aggregate value of* $25,300,182
Cloth for Linings from Cotton	Yards	4,959,568	

MATERIALS FOR SHOE BOTTOMS

Soles, of Leather (some shoes take several soles)	Pairs	67,661,389	*This type of production had an aggregate value of* $41,805,637
Soles, of Rubber	Pairs	13,731,078	
Counters, of Leather	Pairs	22,576,735	
Heels, of Leather (some shoes take both leather and rubber heels)	Pairs	9,780,891	
Heels, of Rubber	Pairs	25,708,184	
Leather, for soles from Cattle Hides	Pounds	20,565,323	
Welting, Leather	Yards	18,841,234	

OTHER MATERIALS AND SUPPLIES USED IN SHOES AND FOR FASTENING, MAKING AND PACKAGING SHOES

Boxes, Box Toes, Cartons, Cements, Chemicals, Patterns, etc.	Not Itemized	*This type of production had an aggregate value of* $8,160,731

Total Value of Production—Shoes and Materials and Supplies $273,906,568

higher taxes

THE Revenue Act of 1950 increased the aggregate corporation rate of normal and surtax from 38% to 45% effective July 1, 1950. Another tax law was passed early in January, 1951. Under this law the aggregate rate of normal and surtax is increased to 47%. In addition it provides for an additional tax of 30% on income treated under this law as "excess profits," and this is equivalent to an effective rate of 77% on such income.

Based on information available at this time, we estimate that our Company can earn (after normal and surtax of 47%) approximately $2.60 per share before excess profits tax rates begin to apply.

The amount of $676,077 shown on our statement of financial position as recoverable under Section 22 (d) (6) is in the process of being examined by the Government and should be collected within the year.

The Company has filed a petition with the Tax Court to determine final settlement of our claims under Section 722, the 1943 Excess Profits Tax Relief Measure.

outlook . . .

THE developments in Korea since June 1950 caused wide swings in national sentiment as the fortunes of our military forces swung from a point of near defeat to one of near complete success, only to be followed immediately by a sudden withdrawal before overwhelming numerically superior forces pouring out of vast China. In our democratic form of government, sharp differences of opinion were expressed in high places as to government policy before, during and after these events. Out of this open debate we are sure that the entire nation will be united soon on a definite national policy with respect to our Country's position in world affairs.

One thing seems certain and, *on that*, agreement appears to be complete—our Country must be prepared to defend itself against a powerful enemy. There is *no disagreement* that there should be rapid increase of our military forces and appropriation of huge sums for the production of their necessary equipage. Along with planes, tanks, ships, guns and armament of all kinds, the men must be fed and clothed.

And there is no disagreement that this Nation's ability to produce, developed under the system of free enterprise, far exceeds that of any other nation.

Good, serviceable shoes are absolutely essential to young men exposed to the rigors of military life. Our Company is prepared to cooperate fully in supplying government needs

of shoes and other articles which we can make.

In the garrison economy which will undoubtedly exist for some time to come, we expect, along with extremely high taxes, government controls of raw materials, production and distribution, as well as prices.

Shoes are also an essential article for people in civilian life, many of whom are important production workers. With shifts necessary to give priority to the types of footwear needed for our armed forces, it will be our Company's policy to continue the production of good quality civilian shoes in an efficient, economical manner and to distribute them fairly.

FOR THE BOARD OF DIRECTORS

Byron A. Gray
CHAIRMAN OF THE BOARD

Edgar E. Rand
PRESIDENT

February 3, 1951

accountants' report

TO THE BOARD OF DIRECTORS,
INTERNATIONAL SHOE COMPANY,
ST. LOUIS, MISSOURI.

We have examined the statements of financial position of the International Shoe Company (a Delaware corporation) and two of its wholly owned subsidiaries, the Twelfth-Delmar Realty Company (a Missouri corporation) and the Shoenterprise Corporation (a Missouri corporation), as of November 30, 1950 and the related statements of income and retained earnings for the year or nine months then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the International Shoe Company, of the Twelfth-Delmar Realty Company, and of the Shoenterprise Corporation at November 30, 1950 and the results of their operations for the year or nine months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

St. Louis, Missouri,
December 30, 1950

PEAT, MARWICK, MITCHELL & CO.

STATEMENT OF FINANCIAL POSITION AS OF NOVEMBER 30, 1950 AND 1949

	1950	1949
CURRENT ASSETS:		
Cash in banks and on hand	$ 4,122,008	$ 5,672,283
United States Government securities, at cost, and accrued interest	151,666	151,666
Accounts receivable, less provision for cash discounts and doubtful accounts	36,044,281	28,854,146
Inventories:		
At cost (determined on "last-in, first-out" method):		
Finished shoes	15,747,783	15,740,287
Shoes in process	3,241,111	3,438,036
Hides and leather	10,110,572	12,298,942
At lower of cost or market—miscellaneous materials and supplies on hand and in process	18,550,839	15,473,610
Total Inventories	*47,650,305*	*46,950,875*
Prepaid expenses—insurance premiums, taxes, and sundry	741,029	674,825
Total Current Assets	88,709,289	82,303,795
LESS—CURRENT LIABILITIES:		
Notes payable to banks	—	3,000,000
Accounts payable and accrued expenses	12,102,939	8,739,106
Due to subsidiary companies	461,785	79,352
Employees' income tax withheld from payroll	583,134	361,963
Stockholders' and employees' balances	468,211	412,362
Federal taxes on income—estimated	8,200,000	4,700,000
Total Current Liabilities	21,816,069	17,292,783
Net Working Capital	66,893,220	65,011,012
OTHER ASSETS:		
Federal income taxes recoverable under Section 22 (d) (6) I. R. C.	676,077	676,077
Employees' notes receivable for stock—secured by 64,300 shares and 64,800 shares, respectively, of Company's common stock	2,190,095	2,295,450
Investment in Shoenterprise Corporation ($1,500,000) and Twelfth-Delmar Realty Company (wholly owned subsidiaries)	1,750,000	250,000
Investment in and advances to other subsidiary companies	356,405	203,905
Investment in stocks of other companies, etc. (less reserve)	840,513	850,877
Company's own common stock—800 shares at cost	30,039	—
	5,843,129	4,276,309
PHYSICAL PROPERTIES—based on appraisal April 30, 1925, plus subsequent additions at cost:		
Land and water rights	1,934,582	1,977,361
Buildings and structures	24,566,139	25,416,409
Machinery and equipment	24,528,423	24,780,108
Lasts, patterns, and dies	1	1
	51,029,145	52,173,879
Less—depreciation	31,679,426	31,663,979
	19,349,719	20,509,900
Net Worth	$92,086,068	$89,797,221
NET WORTH:		
Common stock without nominal or par value. Authorized 4,000,000 shares; issued 3,400,000 shares	$51,000,000	$51,000,000
Capital—in excess of stated amount	1,354,289	1,354,289
Earnings retained and used in the business	39,731,779	37,442,932
	$92,086,068	$89,797,221

STATEMENT OF INCOME
FOR THE YEARS ENDED NOVEMBER 30, 1950 AND 1949

	1950	1949
Net sales of shoes and other manufactured merchandise; and inter-plant transfers (at approximate market) from the Company's own supply plants (tanneries, cotton mill, rubber plant, cut sole plants, etc.) to shoe factories	$273,906,568	$263,027,321
Less—Inter-plant transfers	75,266,550	73,023,835
Net sales to customers	198,640,018	190,003,486
Other income	153,393	89,816
Reduction in reserve for excess cost of replacing lifo inventories	—	65,000
	198,793,411	190,158,302
Cost of shoes and merchandise sold, after charging operating expenses, maintenance of physical properties, selling, administrative, and warehouse expenses, and credit losses, less discount on purchases	177,583,102	175,592,821
Depreciation of physical properties	1,917,916	1,961,055
Other charges	140,983	254,117
Provision for Federal taxes on income, including $275,000 for excess profits tax in 1950	8,193,703	4,667,950
	187,835,704	182,475,943
NET INCOME FOR YEAR	$ 10,957,707	$ 7,682,359

STATEMENT OF NET WORTH
FOR THE YEARS ENDED NOVEMBER 30, 1950 AND 1949

	1950	1949
Net Worth at beginning of year:		
Common stock (outstanding 3,400,000 shares)	$ 51,000,000	$ 51,000,000
Capital—in excess of stated amount	1,354,289	1,354,289
Earnings retained and used in the business	37,442,932	39,478,642
	89,797,221	91,832,931
Self-insurance reserve—no longer required	—	481,931
Net income for year	10,957,707	7,682,359
	100,754,928	99,997,221
Dividends on common stock—$2.55 per share in 1950 and $3.00 per share in 1949	8,668,860	10,200,000
Net Worth at end of year	$ 92,086,068	$ 89,797,221
Divided as follows:		
Common stock (issued 3,400,000 shares)	$ 51,000,000	$ 51,000,000
Capital—in excess of stated amount	1,354,289	1,354,289
Earnings retained and used in the business	39,731,779	37,442,932
	$ 92,086,068	$ 89,797,221

10-Year Comparison of Financial Position

INTERNATIONAL SHOE COMPANY

	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941
CURRENT ASSETS:										
Cash in banks and on hand	$ 4,122,008	$ 5,672,283	$ 4,505,776	$10,434,001	$ 6,831,792	$13,184,307	$13,055,036	$19,255,192	$18,832,697	$11,551,118
U. S. Government securities	151,666	151,666	151,666	2,393,487	6,042,386	19,604,783	20,380,048	22,499,066	11,038,000	3,051,200
Accounts receivable—net	36,044,281	28,854,146	33,763,344	27,105,524	16,890,241	14,846,128	18,945,636	16,002,933	16,357,079	20,736,912
Inventories	47,650,305	46,950,875	51,596,178	43,337,312	42,078,373	29,896,162	28,389,415	26,248,984	32,078,425	33,676,601
Prepaid expenses	741,029	674,825	695,759	525,594	542,961	412,425	375,345	416,825	475,619	405,524
Refunds of Federal taxes on income from carry back	—	—	—	—	2,211,001	—	—	—	—	—
Total current assets	$88,709,289	$82,303,795	$90,712,723	$83,795,918	$74,596,754	$77,943,805	$81,145,480	$84,423,000	$78,781,820	$69,421,355
LESS—CURRENT LIABILITIES:										
Notes payable to banks	—	$ 3,000,000	$ 5,000,000	—	—	—	—	—	—	—
Accounts payable and accrued expenses	$12,102,939	$8,739,106	$10,427,607	$ 9,589,314	$10,634,651	$ 5,550,184	$ 7,102,989	$ 5,549,784	$ 4,365,403	$ 4,400,875
Due to subsidiary companies	461,785	79,352	90,047	86,364	96,927	90,806	71,977	—	—	—
Employees' income tax withheld from payroll	583,134	361,963	406,377	742,831	552,961	428,089	402,496	—	—	—
Stockholders' and employees' balances	468,211	412,362	543,620	390,356	267,097	339,071	450,742	393,948	735,916	231,505
Federal taxes on income—estimated	8,200,000	4,700,000	8,850,000	8,950,000	1,690,000	6,000,000	8,750,000	13,050,000	9,800,000	2,785,000
Total current liabilities	$21,816,069	$17,292,783	$25,317,651	$19,758,865	$13,241,636	$12,408,150	$16,778,204	$18,993,732	$14,901,319	$ 7,417,380
Net working capital	$66,893,220	$65,011,012	$65,395,072	$64,037,053	$61,355,118	$65,535,655	$64,367,276	$65,429,268	$63,880,501	$62,003,975
OTHER ASSETS:										
Federal income taxes recoverable under section 22 (d) (6) I. R. C.	$ 676,077	$ 676,077	$ 3,088,123	$ 2,674,617	$ 2,468,200	$ 1,145,457	$ 601,780	—	—	—
Employees' notes receivable for stock—secured	2,190,095	2,295,450	2,400,501	2,482,764	—	—	—	$ 32,778	$ 45,329	$ 57,537
Investment in and advances to subsidiary companies	2,106,405	453,905	565,405	305,405	215,805	289,405	464,405	472,805	977,805	1,053,180
Investment in stocks of other companies, etc. (less reserve)	840,513	850,877	661,590	570,405	473,074	223,313	202,745	188,134	222,972	246,420
Company's own common stock	30,039	—	—	—	243,134	243,134	243,134	243,134	243,134	193,422
Estimated post-war tax refund	—	—	—	—	—	—	1,645,000	1,040,000	104,848	—
	$ 5,843,129	$ 4,276,309	$ 6,715,619	$ 6,033,191	$ 3,400,213	$ 1,901,309	$ 3,157,064	$ 1,976,851	$ 1,594,088	$ 1,550,559
PHYSICAL PROPERTIES:										
Land and water rights	$ 1,934,582	$ 1,977,361	$ 1,980,019	$ 1,874,317	$ 1,898,353	$ 2,010,802	$ 2,032,265	$ 2,032,651	$ 2,033,048	$ 2,019,160
Buildings and structures	24,566,139	25,416,409	24,924,160	23,984,530	22,373,138	21,700,908	21,625,307	21,826,570	21,888,832	21,844,658
Machinery and equipment	24,528,423	24,780,108	23,747,431	22,584,546	20,852,442	19,794,121	19,367,261	18,828,546	18,918,062	18,735,155
Lasts, patterns, and dies	1	1	1	1	1	1	1	1	1	1
	$51,029,145	$52,173,879	$50,651,611	$48,443,394	$45,123,934	$43,505,832	$43,024,834	$42,687,768	$42,839,943	$42,598,974
Less depreciation	31,679,426	31,663,979	30,255,702	29,542,235	29,225,778	28,531,815	27,634,195	27,129,438	26,445,443	25,715,568
	$19,349,719	$20,509,900	$20,395,909	$18,901,159	$15,898,156	$14,974,017	$15,390,639	$15,558,330	$16,394,500	$16,883,406
Total assets less current liabilities	$92,086,068	$89,797,221	$92,506,600	$88,971,403	$80,653,487	$82,410,981	$82,914,979	$82,964,449	$81,869,089	$80,437,940
DEDUCT RESERVES:										
For excess cost of replacing lifo inventories	—	—	$ 65,000	$ 150,000	$ 210,000	$ 310,000	$ 370,000	$ 370,000	—	—
For insurance	—	—	608,669	608,669	713,789	806,984	806,622	806,246	$ 805,454	$ 805,098
For contingencies	—	—	—	—	—	1,000,000	1,000,000	1,000,000	1,000,000	550,000
Net Worth	$92,086,068	$89,797,221	$91,832,931	$88,212,734	$79,729,698	$80,293,997	$80,738,357	$80,788,203	$80,063,635	$79,082,842
Net Worth:										
Common stock	$51,000,000	$51,000,000	$51,000,000	$51,000,000	$50,250,000	$50,250,000	$50,250,000	$50,250,000	$50,250,000	$50,250,000
Capital — in excess of stated amount	1,354,289	1,354,289	1,354,289	1,354,289	—	—	—	—	—	—
Earnings retained and used in the business	39,731,779	37,442,932	39,478,642	35,858,445	29,479,698	30,043,997	30,488,357	30,538,203	29,813,635	28,832,842
	$92,086,068	$89,797,221	$91,832,931	$88,212,734	$79,729,698	$80,293,997	$80,738,357	$80,788,203	$80,063,635	$79,082,842

NOTE: For purposes of comparison, the figures of certain years have been restated to conform with the classification used in 1950. The figures shown above for the year 1943 and prior represent consolidated figures. The major subsidiary consolidated during this period has since been liquidated and the business previously carried on by such subsidiary was continued by the Company. Several minor subsidiaries were consolidated during this period, however, these subsidiaries are not significant and their inclusion does not materially affect the comparisons with other years.

39-Year Review of Income and Dividends

INTERNATIONAL SHOE COMPANY

Fiscal Year	Net Sales and Inter-Plant Transfers (a)	Net Sales excluding Inter-Plant Transfers	Net Income before Federal Taxes	Federal Taxes on Income (b)	Net Income	Dividends Declared on Preferred Stock	Net Income Available for Common Stock	Net Income per Share on Common Stock (c)	Dividend Rate per Share on Common Stock	Shares of Outstanding Preferred Stock (d)	Shares of Outstanding Common Stock (d)
1912		$ 20,990,643	$ 1,955,130	$ 19,308	$ 1,935,822	$ 577,500	$ 1,358,322	$10.65		82,500	127,500(k)
1913		26,005,299	1,834,468	18,762	1,815,706	653,875	1,161,831	9.11	$7.00	94,250	127,500
1914		24,114,860	1,523,619	14,721	1,508,898	659,750	849,148	6.66	7.00	94,250	127,500
1915		24,439,107	1,822,938	18,049	1,804,889	659,750	1,145,139	8.98	6.00	94,250	127,500
1916		33,574,914	4,189,409(e)	79,152	4,110,257(e)	659,750	3,450,507	27.06	7.00	94,250	127,500
1917		45,037,293	5,353,980	1,270,000	4,083,980	697,125	3,386,855	26.56	7.00	100,000	127,500
1918		50,810,947	4,397,880	1,585,000	2,812,880	700,000	2,112,880	16.57	8.00	100,000	127,500
1919		61,247,782	6,917,224	2,250,000	4,667,224	700,000	3,967,224	31.11	7.00	100,000	127,500
1920		75,617,895	8,914,491	2,644,257	6,270,234	846,250	5,423,984	42.54	8.00	122,500	127,500
1921		73,839,153	5,025,441	859,247	4,166,194	1,128,190	3,038,004	3.33	1.68	177,643	911,279(l)
1922		97,366,403	11,739,821	1,502,864	10,236,956	1,414,945	8,822,011	9.60	2.00	179,142	918,006
1923		109,922,738	11,703,988	1,405,347	10,298,641	1,421,753	8,876,888	9.64	2.75	178,000	920,000
1924	$154,758,491	110,240,651	15,123,263	2,062,468	13,060,795	1,424,000	11,636,795	12.64	4.00	178,000	920,000
1925	166,834,834	114,265,987	14,594,410	1,872,965	12,721,444	1,424,000	11,297,444	12.27	5.00	100,000	920,000
1926	172,913,346	116,980,835	15,279,118	2,061,542	13,217,576	600,000	12,617,576	13.71	6.00	100,000	920,000
1927	189,028,429	124,306,333	20,478,632	2,780,174	17,698,457	600,000	17,098,457	4.54	1.75	100,000	3,760,000(m)
1928	201,622,037	122,694,532	17,973,205	2,211,429	15,761,775	600,000	15,161,775	4.03	2.00	100,000	3,760,000
1929	204,962,637	132,110,129	19,207,966	2,176,532	17,031,434	600,000	16,431,434	4.37	2.50	100,000	3,760,000
1930	159,481,013	102,393,618	14,597,599	1,723,495	12,874,104	600,000	12,274,104	3.26	3.00	100,000	3,760,000
1931	132,479,371	86,802,293	11,088,135	1,343,319	9,744,815	600,000	9,144,815	2.55	3.00	100,000	3,510,000
1932	96,732,775	65,488,662	7,729,920	1,082,392	6,647,527	600,000	6,047,527	1.80	2.75	100,000	3,350,000
1933	105,302,056	70,343,128	10,764,075	1,673,508	9,090,566	425,810	8,664,756	2.58	2.00		3,350,000
1934	115,382,430	77,168,682	10,866,266	1,899,241	8,967,024		8,967,024	2.67	2.00		3,350,000
1935	118,157,495	83,073,459	10,031,599	1,489,637	8,541,962		8,541,962	2.55	2.25		3,350,000
1936	127,200,702	84,856,709	9,771,444	1,354,517	8,416,926		8,416,926	2.51	2.25		3,350,000
1937	137,393,752	88,278,810	7,394,495	1,127,503	6,266,992		6,266,992	1.87	2.00		3,350,000
1938	117,317,127	80,828,631	4,890,762	622,475	4,268,286		4,268,286	1.27	1.75		3,350,000
1939	132,753,494	89,325,446	8,061,896(f)	1,473,687	6,588,209(f)		6,588,209	1.97	1.75		3,350,000
1940	133,219,725	89,257,329	8,122,117	1,648,505	6,473,611		6,473,611	1.93	1.75		3,350,000
1941	175,541,874	116,530,243	9,691,079	2,484,042	7,207,037		7,207,037	2.15	2.00		3,350,000
1942	219,309,802	144,256,388	16,634,160(g)	9,639,207	6,994,952(g)		6,994,952	2.08	1.80		3,350,000
1943	211,356,750	142,841,095	18,690,734(h)	11,953,086	6,737,648(h)		6,737,648	2.01	1.80		3,350,000
1944	227,134,200	156,642,087	13,219,835	7,250,710	5,969,125		5,969,125	1.78	1.80		3,350,000
1945	223,088,844	148,783,704	10,731,210	5,162,490	5,568,720		5,568,720	1.66	1.80		3,350,000
1946	202,458,992	135,031,487	3,296,367(i)	(2,152,414)(j)	5,448,781(i)		5,448,781	1.62	1.80		3,350,000
1947	304,357,684	212,918,192	22,593,779	8,591,762	14,002,017		14,002,017	4.11	2.25		3,400,000
1948	309,674,450	219,804,880	22,008,601	8,188,404	13,820,197		13,820,197	4.06	3.00		3,400,000
1949	263,027,321	190,003,486	12,350,309	4,667,950	7,682,359		7,682,359	2.26	3.00		3,400,000
1950	273,906,568	198,640,018	19,151,410	8,193,703	10,957,707		10,957,707	3.22	2.55		3,400,000

NOTE: The above tabulation with respect to certain years presents the figures of the Company and its subsidiaries consolidated. The major subsidiaries consolidated during the period have since been liquidated and the business previously carried on by these subsidiaries was continued by the Company. Several minor subsidiaries previously consolidated have not been consolidated subsequent to 1943; the unconsolidated subsidiaries are not significant and their exclusion does not materially affect the comparisons over the years. (a) Includes production of shoe materials and supplies by own supply plants (tanneries, cotton mill, rubber plant, etc.) in addition to net sales of shoes and other manufactured merchandise. Figures not available prior to 1924. (b) Federal taxes on income include excess profits taxes in years where applicable. (c) Based on shares of common stock outstanding at close of fiscal year. (d) Number of shares outstanding at close of fiscal year; common stock includes, where applicable, Company's own common stock held for re-sale carried as an asset. (e) Before provision of $1,000,000 for trade conditions affecting raw materials market; reserve transferred to surplus during fiscal year 1921. (f) After providing $550,000 for contingencies. (g) After providing $450,000 for contingencies. (h) After providing $222,447 for contingencies. (Net amount of payment to U. S. Government a/c renegotiation.) (i) After including transfer of $1,000,000 reserved for contingencies previously provided by charges to profit and to loss. (j) Net amount of income tax refundable due to carry back provisions of the Internal Revenue Code. (k) Par value of $100 per share. (l) After giving effect to exchange of each share of $100 par value Common Stock (Mo. Corporation) for 6 shares no par value Common Stock (Del. Corp.). (m) After stock split-up on the basis of 4 shares for one.

Wholly Owned Subsidiaries

The financial statements of those wholly owned subsidiary corporations which have somewhat more than nominal significance.

Twelfth-Delmar Realty Company

STATEMENT OF FINANCIAL POSITION
as of November 30, 1950 and 1949

	1950	1949
ASSETS:		
Cash in bank and on hand	$ 77,439	$ 151,884
Accounts receivable	55,937	31,296
Prepaid expenses	174	185
Land ($880,386), building, and equipment, at cost, less depreciation, $176,849 in 1950 and $102,302 in 1949—pledged as collateral on mortgage notes payable	3,188,453	3,260,828
Total Assets	3,322,003	3,444,193
LESS—LIABILITIES:		
Mortgage notes payable to banks maturing $8,333 monthly to October 1, 1953 and balance due November 1, 1953	2,791,667	2,991,667
Accounts payable and accrued expenses, including amounts withheld for taxing authorities	127,806	119,297
Total Liabilities	2,919,473	3,110,964
Net Worth	$ 402,530	$ 333,229
NET WORTH:		
Capital stock—authorized 1,000 shares without par value; issued and outstanding—250 shares	$ 250,000	$ 250,000
Retained earnings	152,530	83,229
	$ 402,530	$ 333,229

STATEMENT OF INCOME AND RETAINED EARNINGS
For the years ended November 30, 1950 and 1949

	1950	1949
Income from rentals and services (International Shoe Company, $153,482 in 1950 and $137,324 in 1949)	$ 508,330	$ 499,568
Operating and maintenance costs, including depreciation $74,547 in 1950 and $72,218 in 1949	295,119	294,220
General and administrative expenses	11,306	11,642
Interest on mortgage notes payable	88,125	91,375
Federal taxes on income—estimated	44,479	38,886
	439,029	436,123
Net Income for Year	69,301	63,445
Retained earnings at beginning of year	83,229	19,784
Retained earnings at end of year	$ 152,530	$ 83,229

Shoenterprise Corporation

STATEMENT OF FINANCIAL POSITION
as of November 30, 1950

	1950
ASSETS:	
Cash in bank	$ 106,426
Loans receivable—secured	1,078,920
Accounts receivable—interest and sundry	20,275
Due from International Shoe Company—net	314,967
Total Assets	1,520,588
LESS—LIABILITY:	
Estimated taxes on income	5,160
Net Worth	$1,515,428
NET WORTH:	
Capital stock—authorized 2,000 shares without par value; issued and outstanding 600 shares	$1,500,000
Retained earnings	15,428
	$1,515,428

STATEMENT OF INCOME AND RETAINED EARNINGS
For the nine months ended November 30, 1950

Income from interest and commissions	$ 30,735
Less—Operating expenses and estimated Federal income taxes of $4,846	15,307
Net Income for Period and Retained Earnings as of November 30, 1950	$ 15,428

Shoenterprise Corporation begins its business life

SHOES and enterprise are joined to form the name and the purpose of this wholly owned subsidiary corporation which began its business life in the late spring of 1950.

Our Country's free enterprise system has thrived on young men—with vision, talent, energy, and small capital accumulation—going into business for themselves. Many of the present large retail distributors trace their origins to just such beginnings.

High taxes during the past ten or more years, together with the effects of war on the lives of young men, making it difficult to save and necessitating postponement of normal business careers, are some of the causes of lack of venture capital accumulation by the present generation.

Shoenterprise Corporation supplies this lack. Where all other component factors in the combination needed for successful shoe retailing are found to be present—principally good location, competent management, sound merchandise—a shortage of capital is overcome by capital loans made by this corporation.

The loans are made under a well defined plan calling for close supervision of the ventures. Weekly reports of operations are required, and failure to show normal progress is investigated and suitable remedies instituted.

At year-end, 82 loans representing 82 store ventures had been approved for the opening of independently owned and operated retail stores. Most of these stores were in operation at our fiscal year-end, although a few were not to start until the early months of 1951.

While it is early to draw conclusions, results to date are gratifying.

The statements of financial position and income of the Shoenterprise Corporation are shown on page 20. The investment in the stock of this wholly owned subsidiary is shown separately on the statement of the International Shoe Company on page 16. As of November 30, 1950, our Company had invested $1,500,000 in Shoenterprise capital stock.

This venture is in perfect accord with the Company's long established policy of distributing the greater part of its product through independent retailers.

Through the agency of Shoenterprise and through kindred means, our Company has set in motion a program designed to improve the retail distribution of its product . . . by assisting in opening up attractive retail outlets in locations where none exists, and by insisting on more representative outlets in places where our product is not well represented.

Along this line, we are developing personnel and agencies which will go much farther in the direction of "following through" to the consumer than heretofore. By gaining a much more intimate knowledge of the consumer's likes, dislikes, fancies, whims or notions—as expressed at the fitting stool in these closely associated retail outlets—our merchandise, our advertising, our promotions, can be planned much more effectively . . . to the benefit, we believe, of the many thousands of independent retailers who depend on our Company for these things.

plant facilities meet present needs

THE program of closing marginal plants and consolidating production in the more efficient plants begun in 1949 was completed early in 1950.

Plant facilities now in use are all needed for present production requirements and for planned increases in production and sales on a sound basis.

Facilities are now being converted to provide additional production of the types of shoes required by the military. Our Company produced about 25% of all Government requirements during World War II, and we are preparing to do our full share in providing military needs in the period immediately ahead.

At this time we do not foresee the necessity of any further large investment in new plant.

Our engineering staff is constantly alert to new methods and techniques designed to increase efficiency and reduce costs, and these are constantly being introduced into our plants.

The modern one-story plants erected since World War II are performing according to expectations, proving the advantages of up-to-date design of both buildings and layout of machinery and equipment.

The Company's principal plant facilities include:

MANUFACTURING PLANTS		
Shoe Factories	53	Manufacturing Men's, Women's and Juvenile shoes.
Sole Cutting Plants	5	Producing leather outsoles, insoles, midsoles, counters.
Heel Plant	1	Building leather heels.
Rubber Plant	1	Manufacturing rubber soles and heels.
Cotton Textile Mill	1	Producing cloth for shoe linings.
Welt Manufacturing Plant	1	Producing leather welting.
Chemical Plants	2	Producing finishes, waxes, polishes and cements.
Box Plant	1	Producing cartons and containers.
Wood Heel Covering Plant	1	Covering and finishing wood heels.
Last Remodeling Plant	1	Last remodeling.
Findings Plant	1	Producing stripping, piping, bows, box toes and other shoe findings.
TANNERIES		
Upper Leather Tanneries	5	Tanning shoe upper leather.
Sole Leather Tanneries	3	Tanning shoe sole leather.
SUPPLY PLANTS		
Upper Leather Supply Plants	2	Warehousing, grading and distributing upper leather to shoe factories.
Central Supply Plants	2	Distribution center for shoe findings, materials and supplies.
Central Machine Shops	2	Repairing and building machinery and equipment.
WAREHOUSING		
Finished Shoes	4	Warehousing, order filling and shipping of finished shoes.

SALES BRANCHES

St. Louis

Roberts, Johnson & Rand
Peters
Friedman-Shelby
Continental Shoemakers
Pennant Shoe Co.
Accent Shoe Co.
Vitality Shoe Co.
Queen Quality Shoe Co.
Dorothy Dodd Shoe Co.
Winthrop Shoe Co.
Conformal Footwear Co.

Manchester, N. H.

Sundial Shoe Co.
Great Northern Shoe Co.
Hampshire

LOCATION OF SHOE FACTORIES AND SUPPLY PLANTS

Missouri

Belle
Bland
Cape Girardeau
De Soto
Dexter
Eldon
Eldorado Springs
Fulton
Hamilton
Hannibal
Hermann
Houston
Jackson
Jefferson City
Kirksville
Marshall
Mexico
Perryville
Poplar Bluff
Richland
St. Charles
St. Clair
Ste. Genevieve
St. Louis
Salem
Sikeston
Sullivan
Sweet Springs
Vandalia
Washington
West Plains
Windsor

Illinois

Anna
Belleville
Chester
Evansville
Jerseyville
Mt. Vernon
Olney
Quincy
Springfield
Steeleville

Arkansas

Bald Knob
Batesville
Conway
Malvern
Russellville
Searcy

New Hampshire

Claremont
Manchester
Nashua
Newport

Kentucky

Hopkinsville
Paducah

LOCATION OF TANNERIES

South Wood River, Illinois
St. Louis, Missouri
Manchester, New Hampshire
Merrimack, New Hampshire
Philadelphia, Pennsylvania
Bolivar, Tennessee
Marlinton, West Virginia

Company men and women had a good year in 1950

Supervisor Vance Jernigan of Malvern, Arkansas Cotton Mill and his famous horse "Ace" entertained the children at Company picnic last September.

ISCO bowling teams provide recreation for Company men and women.

THE 34,000 men and women who make up our working force had a good year in 1950.

During the year, they worked at the highest wage rates and had the highest earnings in the history of the Company. Wage and salary increases during 1950 will raise their earnings by about $4,500,000 per annum.

Several things indicate that International's men and women found the Company a good place to work. Fewer left and had to be replaced. By their thoughtfulness and cooperation, the safety record for the year was one of the best in the Company's history. The rate of accidents was well below that of the shoe industry as a whole.

During the year, elections were held in a number of plants to decide on union or other representation. The majority of the decisions were in favor of continuing to deal directly with the Company without formal union representation.

Under the Company's established vacation plan, employees with one year of service enjoyed one week of vacation with pay, those with five years of service, two weeks with pay. In addition, they received six paid holidays. Vacation and holiday pay amounted to more than $4,000,000.

Employees continued to benefit by the work of our Medical Department—through first aid and through assistance with personal health problems.

Sickness, accident and death benefits sponsored by the Company totaled $680,000 in 1950, with 164 families receiving death benefits totaling $444,000 and those who were forced to be away from their work because of sickness or accident receiving approximately $236,000.

In addition, of course, our employees benefited by unemployment compensation and retirement pay provided through the Federal Social Security Act.

A new and larger recreation program got under way during the year. Our people showed much interest in this program, and more of them will have the opportunity to benefit by it in the coming year.

Through the medium of letters from top officials, they continued to be kept informed of the Company's progress and its problems.

Basketball offers outlet for surplus energy in winter.

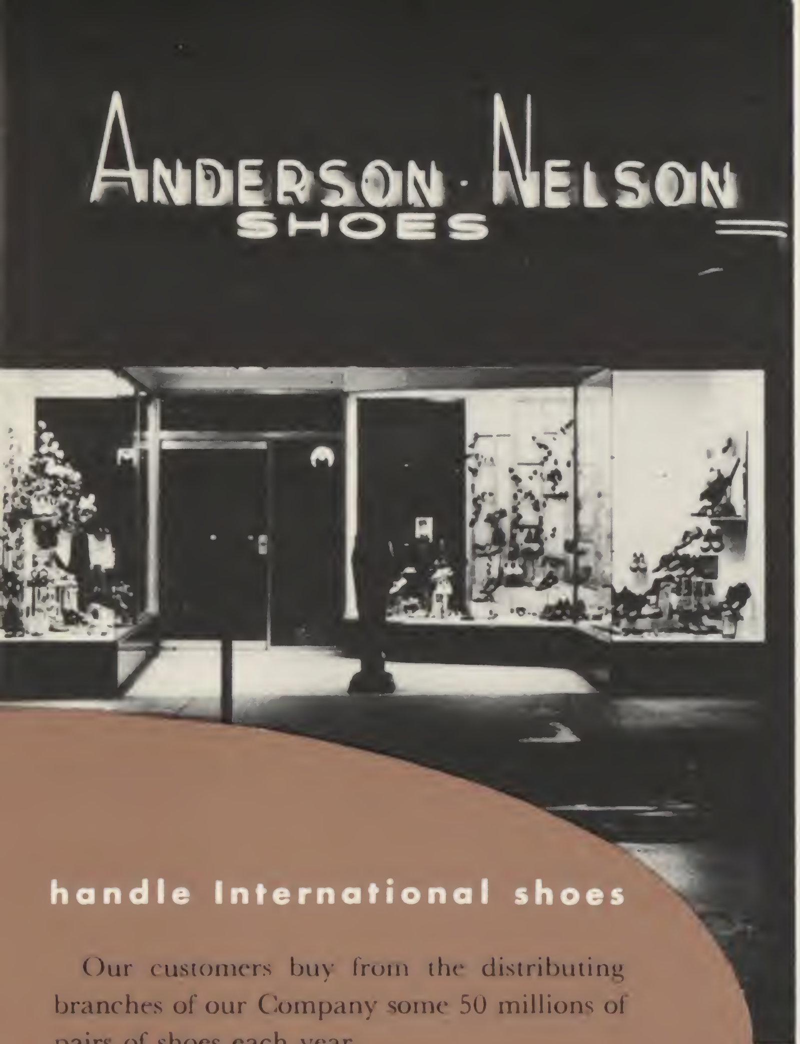
In spring, Company athletes take to the baseball diamonds.

• 30,000 retail merchants

OUR customers are located in all of the 48 states, Alaska, Hawaii, Puerto Rico, the Canal Zone and a number of foreign countries.

Their places of business are found in the hearts of great cities, in the shopping sections of suburbs, in the smaller cities, the county seat towns, farming communities, small villages, and at the crossroads.

These are typical of the independent stores serving the nation with International's shoes.



handle International shoes

Our customers buy from the distributing branches of our Company some 50 millions of pairs of shoes each year.

They have learned to depend upon the character and integrity of our Company and its product. We, in turn, depend upon such good customers and strive to conduct our business so as to merit their confidence.

International Shoe Company advertising gives complete

Television

The Howdy Doody Show . . .

. . . for Poll-Parrot Shoes—every Wednesday afternoon over the NBC-TV network plus key independent stations coast-to-coast. A long-time children's favorite and sales producer.

Super-Circus . . .

. . . for Weather-Bird Shoes—every other Sunday afternoon over the ABC-TV network plus key independent stations coast-to-coast.

Lucky Pup . . .

a top-ranking children's show, sells Sundial Shoes throughout the East.

customer coverage in the nation's most vital media

Television proved its promise to International Shoe Company in 1949, when Poll-Parrot pioneered the field with "The Howdy Doody Show." Other Divisions have added television to their schedule this year, resulting in enthusiastic dealer response and sales increases. For example, an early TV analysis showed sales in TV major cities 31% above sales in *ALL* cities!

Today, International brands sponsor four television programs of proved popularity with children and adults alike.

Movies for Kids . . .

Red Goose Shoes sponsor this full hour show in key markets over independent stations every Saturday morning.

Leading National Magazines

International Shoe Company is continuing its dominant advertising in a wide list of America's leading magazines.

NEWSPAPERS AND RADIO

Our customers run countless lines of newspaper advertising and innumerable spot radio announcements on the local level. This is done under our company's cooperative advertising plan.

Some of the powerful publications carrying International Shoe Company advertising.

Perryville

HAS "APPRECIATION DAY"

ON September 22, the townspeople of Perryville said it with flowers, floats, parades and music, with speeches, refreshments, luncheons, dinners, and most important, with the presence of a huge gathering of people from many miles around numbering more than 10,000; all this in the county seat of Perry County, Missouri, with its population of 4550.

One of the Kiefner factory floats that honored the day.

Situated in beautiful rolling country but a few miles removed from the mighty Mississippi and but a few miles distant from Ste. Genevieve, the oldest settlement west of that great stream, Perry County claims hills, valleys, streams, farm land, woods and other bounties of nature which provide the fullness of living for the descendants of pioneers who early settled there.

But Perryville also claims and acclaims, the good that comes from manufacturing industry—its own industry—two of our Company shoe factories.

TWENTY-FIVE YEARS AGO our first factory was located there.

Perryville had seen it grow from small beginnings to two plants employing 1176, 26% of the entire population of the town. Perryville had seen its young people who otherwise might have left to find employment in distant large industrial centers, stay with their own—their townspeople — their kinsfolk. They went to work in the new plant and made shoes. These young people found the work there good. It was steady and provided them with pay that enabled them to do things. They not only had money for everyday needs but for other things they liked to do, fishing, hunting and other forms of recreation. They had social gatherings and activities. They sensed a feeling of strength and security. They married. They built homes and they raised families. A lot of things happen in twenty-five years. From babies, to tiny tots, to grade school kids, to high school kids, to young men and women, to grownups and marriage, to more babies—in twenty-five years a generation completes the cycle.

Perryville people took count of the good things they witnessed.

On September 22 they had a mammoth demonstration of their appreciation of our Company becoming part of their community.

"TWENTY-FIVE YEARS OF UNITY IN OUR COMMUNITY," was their slogan.

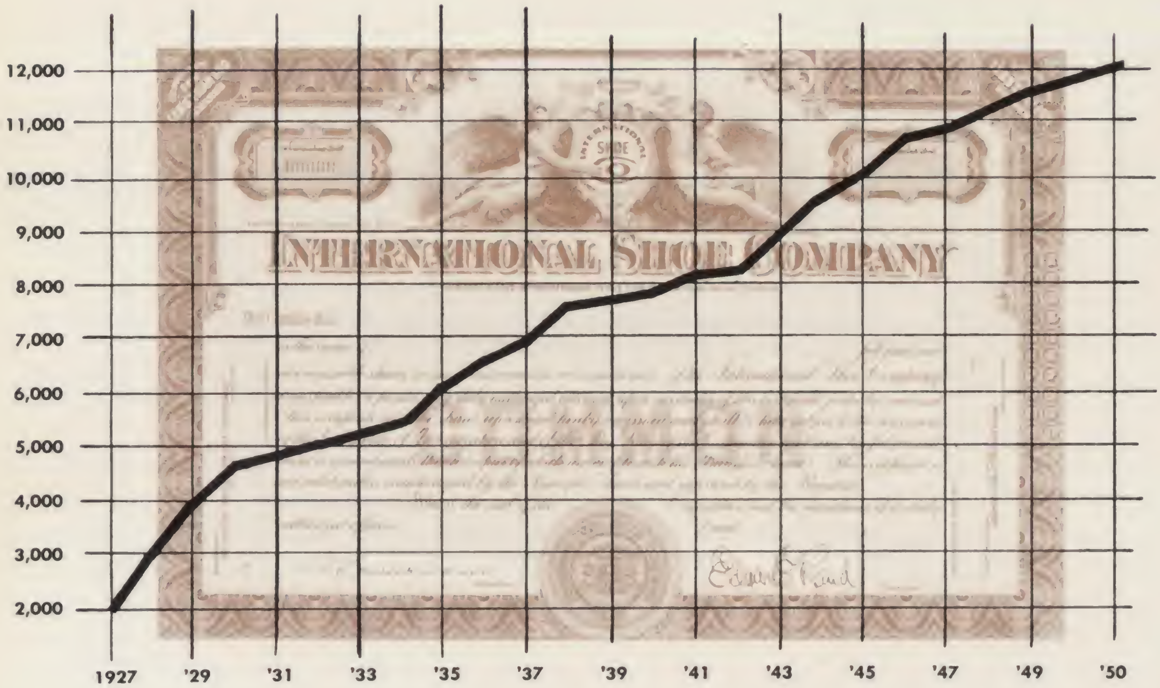
In the town-square speechmaking, which preceded varied dancing and merrymaking which continued to late hours, Company officials heard in spoken word the expressions of appreciation of the town's leading citizens. In responding our Company's president said, among other things:

"*The actuality, the realization of this Appreciation Day Celebration overwhelms us in its extensiveness, in its high quality. In the many efforts and labors which have culminated in this afternoon's activities, you do us much honor. You also make acute a fervent and humble hope that we shall continue to merit such fellowship, such friendship, such confidence . . .*"

In Perryville, good community relations extend over twenty-five years. In other Company communities similar pleasant things have been going on for periods even longer—in some for forty years and more.

Flowers were not all that adorned this lovely float from the Magnolia factory.

our stockholders



THE MORE THAN 12,000 STOCKHOLDERS AT THE CLOSE OF 1950 REPRESENT THE GREATEST NUMBER OF OWNERS IN OUR HISTORY.

Over 12,000 stockholders own the 3,400,000 shares of Company stock issued, with no one person or organization owning as much as 3%. Our stockholders live in every state of the Union and in 12 United States possessions and foreign countries. They include . . .

4,201 Men

4,942 Women

1,916 Joint Accounts
821 Trusts
19 Investment Trusts
202 Brokers

14 Insurance Companies

67 Churches, Hospitals and Charities
33 Universities, Schools and Colleges

57 Companies

"Oscar"

"Best of Shoe Manufacturing and Leather Industry" Awarded our 1949 Annual Report by Financial World.

our management

Our management appreciates its responsibilities to

stockholders	**12,000**
employees	**34,000**
customers	**30,000**

Responsibilities to these three large groups are not, however, separate and distinct, or in any sense conflicting.

Company policy must benefit all, or none. All benefit together from sound conduct of the business, or all suffer from unsound operation.

The Company is dependent on all three—

—**stockholders:** for continued investment of money to provide the plants, the machines, the tools with which our employees can work and produce.

—**employees:** for loyal and cooperative work in the effective use of the tools provided by the stockholders.

—**customers:** for taking the product of the employees' skills and efforts with the use of the stockholders' plants, machines and tools—and distributing that product throughout the land, sending back the money to pay for wages, materials and dividends.

Our management attempts to set the policies of our Company so that it will continue to grow soundly.

Such sound policies, firmly adhered to in the daily administration of the affairs of the business, benefit stockholders, employees and customers, jointly and mutually.

Our Company's management is keenly conscious of the importance of its function and the necessity of maintaining a high degree of management competence by the gradual shift of responsibility to carefully selected younger men.


World's Largest
Manufacturers of
Men's, Women's and
Children's Shoes
Red Goose
Poll-Parrot
Winthrop
Accent
Vitality
shoes
HY-TEST
SAFETY SHOES
City Club
John C. Roberts
The RAND Shoe
Sundial
Robertson
Randcraft
SHOES
Trim Tred
TEENS
Polly DEBS
Cheer Leaders
CONFORMAL
FOOTWEAR
Claston
STAR BRAND
Poll-Parrot
SHOES FOR BOYS AND GIRLS